

ORIGINAL

Decision No. 56555

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of Gilroy Telephone Company, a
California corporation, for an
Order authorizing it to enter
into a credit agreement with
and borrow \$100,000 from the
Bank of America, National Trust
and Savings Association

Application No. 38564
(First Supplemental)

FIRST SUPPLEMENTAL OPINION AND ORDER

Under authorization granted by Decision No. 54168, dated December 4, 1956, in the above-entitled matter, Gilroy Telephone Company executed a loan agreement with Bank of America National Trust and Savings Association which provided for a line of credit running up to July 31, 1959, in the aggregate amount of \$100,000, and thereafter drew down \$75,000 of the established credit and issued 5% demand notes in that amount in order to refinance existing indebtedness and to provide the cost of construction. The company now reports that it desires to utilize the remaining \$25,000 and it seeks authorization to issue new notes for that amount.

The application shows that during 1957 the company made capital additions to its plant in excess of \$96,000, that it utilized treasury funds in meeting a portion of this amount and that it now is in need of reimbursement of its treasury in order to replenish its treasury cash and to pay outstanding indebtedness. It also reports that during 1958 its capital budget calls for an expenditure of approximately \$139,000.

Applicant's financial statement shows its common stock equity capital, at the close of 1957, in the amount of approximately \$475,000, its funded debt in the amount of \$251,000 and its notes payable in the amount of \$75,000. Its balance sheet shows current assets of \$97,151 and current liabilities of \$176,064, including the \$75,000 of notes.

Upon a review of this matter, we are of the opinion that applicant will have need for the additional borrowing for the purposes stated in the application, that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required by Gilroy Telephone Company for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Gilroy Telephone Company, on and after the effective date hereof, and on or before August 1, 1958, may issue \$25,000 of notes under and pursuant to the terms of the loan agreement with Bank of America National Trust and Savings Association for the purposes set forth in this application.

2. The authorization herein granted is for the issue of notes only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

3. Gilroy Telephone Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. The authority herein granted will become effective when Gilroy Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California,
this 22nd day of April, 1958.

[Signature] President
[Signature]
[Signature]
[Signature]
[Signature] Commissioners

